

## **HB 361: Energy Improvement Districts—Briefing Paper**

A bill authorizing cities and counties to establish Energy Improvement Districts in order to make loans to property owners for energy efficiency and off-grid renewable energy upgrades.

### ***Bill Number, Sponsor:***

HB 361, Rep. Brady Wiseman

### ***Co-sponsors:***

Sen. John Brueggeman (R-Polson), Sen. Ryan Zinke (R-Whitefish), Rep. Betsy Hands (D-Missoula)

### ***Positive Bill Impacts:***

- Jobs for the construction and renewable energy industries
- Lower energy costs for homeowners, businesses, and farmers
- Improved communities by enhancing private property

### ***How it Works:***

- HB 361 will give Montana cities and counties the authority to create Energy Improvement Districts (EIDs). A municipality would then be able to issue bonds in order to make loans to property owners within a District for purposes of installing off-grid renewable energy systems or making energy efficiency improvements to residential, commercial or industrial property.
- The boundary of an EID would match the municipality's boundary—any property owner within the municipality would be able to voluntarily participate.
- The bonds would be guaranteed with liens on the property of participating property owners.
- The loans could be repaid with a special assessment on the property tax of the participant.
- The interest rates on this financing would be competitive with market rate loans, but would be ideal for property owners who:
  - Do not want to incur personal debt tied to their name and would rather have the debt associated with (and stay with) the property.
  - Do not have a home equity line of credit available or would like to use it for something else.
  - Want to obtain a loan with a longer repayment period.

### ***Background:***

- HB 361 is an innovative, low cost tool for cities and counties to help homeowners and business people decrease their energy expenses.
- Crippling energy costs, the slow-down in the construction industry, and a shrinking State budget demand innovative approaches to finance energy efficiency improvements. Local governments need new tools to help Montana home and business owners combat rising energy costs.
- Many Montanans are eager to make their homes or businesses more energy efficient and self-reliant, but often the installation or upgrade of insulation, efficient windows, and solar hot water heaters, for example, is cost-prohibitive. This bill would help to defray up-front costs for consumers.
- Similar legislation has passed and is working in Colorado, Connecticut and California and is pending in Oregon and Washington.

***Committee concerns have been addressed:***

- The bill sponsor has drafted amendments that satisfy the safety and grid reliability concerns expressed by the electric utilities during the February 5, House Local Government Committee hearing. In particular, the amendments remove "grid-tied" renewable energy systems from the list of improvements eligible for financing.
- Energy efficiency upgrades, ground source heat pumps, solar heating systems, and off-grid renewable electric generators like wind turbines and photovoltaic systems are still eligible.
- Language was also added to clarify that participation is entirely voluntary and that the debt is guaranteed by liens on the property of participants, not the entire municipality.

***Supporters at House Local Government Committee Hearing:***

- Dustin Stewart, *Montana Building Industry Association*
- Commissioner Derek Brown (R), *Lewis and Clark County Commission*
- Commissioner Robin Shropshire, *Helena City Commission*
- Anna Rosenberry, *City of Bozeman, Director of Finance*
- Carl Schweitzer, *Subcontractors Association of Montana*
- Alec Hanson, *League of Cities and Towns*
- Andy Tocke, *Home builder, Helena*
- Lynda Saul, *Interested homeowner, Helena*
- Mike Volesky, *Governor's Executive Office*
- Lynda Gryczan, *Alternative Energy Resources Organization*

***Letters of Support Submitted to House Local Government Committee:***

- Lewis and Clark County Commission
- Montana Renewable Energy Association
- CTA Architects/Engineers, *Billings, Bozeman, Great Falls, Helena, Kalispell, Livingston, Missoula*
- Gillilan Associates, *Bozeman*
- Saturn Resource Management, *Helena*
- Sunelco, *Victor*
- Oasis Montana, *Stevensville*
- Liquid Solar Systems, *Bozeman*
- Winpower West, *Billings*
- Northern Sun Solar, *Butte*
- Mother's Power Renewable Energy Solutions, *Whitefish*
- Montana Energy & Design, *Livingston*
- Axmen, Axmen South and Axmen Propane, *Missoula*
- Riverworks, Inc, *Missoula*
- Sustainable Building Systems, *Missoula*
- Solar Montana, *Helena*

***For more information, contact:***

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